



U.S. Department of Justice

**Ronald C. Machen Jr.**  
*United States Attorney for the  
District of Columbia*

*Judiciary Center  
555 Fourth St. N.W.  
Washington, D.C. 20530*

---

## **PRESS RELEASE**

---

### **FOR IMMEDIATE RELEASE**

Monday, June 20, 2011

### **For Information Contact:**

#### **Public Affairs**

(202) 252-6933

<http://www.justice.gov/usao/dc/news/2011/jun/news.html>

## **Insurance Professional Pleads Guilty to Insurance Fraud And Agrees to Pay Up to \$995,000 in Civil Penalties**

WASHINGTON - Bret T. Van Leeuwen, 52, the former president of Stratus Insurance Services, Inc., pled guilty today to one count of insurance fraud in the second degree, announced U.S. Attorney Ronald C. Machen Jr. and James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office.

Van Leeuwen, of American Fork, Utah, pled guilty before the Honorable Ricardo M. Urbina in the U.S. District Court for the District of Columbia. As part of the plea agreement, he faces a maximum of two years in prison. Sentencing was set for September 26, 2011. In a related civil matter, Van Leeuwen has agreed to pay up to \$995,000 as a civil monetary penalty.

In connection with the guilty plea and as set forth in a Statement of Offense, Van Leeuwen acknowledged that he was the founder, president, and majority owner of Stratus Insurance Services, a company focused on specialty insurance programs provided to associations and purchasing groups. Van Leeuwen and Rodney R. Ayer, another insurance professional, placed association groups with insurance carriers.

Four association groups served by Van Leeuwen and Ayer were Wright and Co., the IMA Group, Inc., the Hands-On Trade Association, and the International Association of Reike Professionals. Wright and Co. provided supplemental insurance programs to the federal government, including the Federal Employee Professional Liability insurance program (the FEPL Program), which provided insurance protection to federal employees against civil and criminal actions filed against them for acts committed while performing official duties.

The IMA Group, the Hands-On Trade Association, and the International Association of Reike Professionals were associations that offered their members insurance coverage through a non-profit entity known as the Health and Beauty Risk Purchasing Group ("HBRPG").

Van Leeuwen admitted that he and Ayer intended to insure the members of the FEPL Program and the HBRPG with insurance carriers, known as “Cells,” established through a multi-national insurance carrier, Hannover Rueckversicherung AG (“Hannover Re”). Van Leeuwen and Ayer intended to co-own the Cells, which would be associated with Hannover Re. Based on their knowledge of the claims histories for the FEPL Program and the HBRPG, Van Leeuwen and Ayer recognized the potential of realizing substantial underwriting profits from the FEPL Program and the HBRPG through their use and ownership of the Cells.

Van Leeuwen admitted that he did not disclose to Wright and Co., the Hands-On Trade Association, and the International Association of Reiki Professionals his ownership interest in the Cells that would serve as the insurance carriers for the FEPL Program and the HBRPG.

After Van Leeuwen and Ayer paid the claims and expenses associated with the Programs, they were able to retain the underwriting profits associated with those programs for themselves.

Van Leeuwen admitted that he understood from communications with Ayer in December 2005 that Hannover Re was backing out of coverage for the Programs. Van Leeuwen also admitted that he, Ayer, and others did not inform the associations, the members of the FEPL Programs and the HBRPG, and insurance regulatory agencies that Hannover Re would not allow the Cells to insure the FEPL Program and the HBRPG.

Ayer, 45, pleaded guilty to insurance fraud in the first degree before Judge Urbina on June 30, 2010. Ayer’s sentencing has not yet been scheduled.

In announcing the guilty plea, U.S. Attorney Machen and Assistant Director McJunkin praised the investigative efforts of agents from the FBI’s Washington Field Office and the District of Columbia Department of Insurance, Securities, and Banking. They also recognized the work of U.S. Attorney’s Office Paralegal Specialist Tasha Harris and Legal Assistant Jared Forney, and commended the efforts of Assistant U.S. Attorney Michael K. Atkinson, who is prosecuting the case.

11-255

###